

TRADEMARK NEWS

Amendments to Malaysian Trade Mark Laws

Introduction

On 9 April 2019, Malaysia took the momentous step of introducing its new Trademarks Bill 2019 (the “Bill”) which will replace the existing Trade Marks Act 1976 once it comes into effect. The Bill was passed by the Dewan Rakyat on 2 July 2019 followed by the Dewan Negara on 23 July 2019 and is now awaiting Royal assent to come into force.

In the meantime, the Malaysia IP Office has released a public consultation paper with regard to the proposed Trade Mark Regulations to gather feedback on (i) national procedures on application and registration of trademarks matters; (ii) International trademark applications and registration made via Madrid Protocol; and (iii) proposed fees.

The Key Amendments

We highlight some key changes brought about by the Bill below.

(1) *Madrid Protocol to come into force on 27 December 2019*

On 27 September 2019, Malaysia deposited its instrument of accession to the Madrid Protocol with the World Intellectual Property Office. It has been announced that the Madrid Protocol will come into force in Malaysia on 27 December 2019. The Bill will facilitate the implementation of the Madrid Protocol in Malaysia, and is anticipated to come into force on or before the Madrid Protocol.

In summary, the Madrid Protocol allows trademark owners to file a single international application with a single prescribed fee to the International Bureau of WIPO and designate several member countries simultaneously rather than file separately in each country. Trademark owners who have previously taken advantage of the Madrid Protocol would be familiar with the administrative convenience and potential cost savings that can result.

(2) *Recognition of non-traditional trademarks and collective marks*

The Bill will also update the existing definitions of “trademark” and “sign” thus permitting the protection of non-traditional trademarks in Malaysia such as “shape of goods or their packaging, colour, sound, scent, hologram, positioning, sequence of motion or any combination thereof”. In addition, the Bill will also introduce for the first time, the protection of collective trademarks.

There is, however, a requirement that the trademark is capable of being represented graphically.

(3) *Multi-class applications*

Where previously only single-class applications were accepted, the Bill will introduce multi-class applications.

(4) *Division and Merger of trademark applications and registrations*

With the introduction of multi-class applications, the Bill further includes new provisions allowing for the division and merger of applications and registrations. This is a thoughtful and welcome provision which will allow trademark applicants flexibility in the prosecution of their trademark applications, and could also potentially allow trademark owners to consolidate currently-registered single-class registrations with a view to reducing future costs of trademark maintenance.

(5) *Date of filing*

The date of filing shall be the date when all formality requirements have been fulfilled as opposed to the date of receipt of an application for registration of trademark.

Further, unlike the present regime whereby an application in Malaysia shall have the same date as the date of the priority claimed, under the new Bill, a claim to priority shall no longer have effect on the date of filing except for purposes of a search for earlier trademarks.

(6) *Defensive trademarks are no longer available*

The new Bill abolishes defensive trademarks. However, a defensive trademark registered under the current Act shall remain as a registered trademark for the purpose of the new Act.

(7) *Certificate of registration no longer issued unless requested*

The Registrar shall issue to the proprietor a notification of the registration of trademark with the seal of the Registrar. If the registered proprietor intends to obtain a certificate of registration, the proprietor shall make an application to the Registrar along with payment of the prescribed fee.

(8) *Registration of registered user no longer available*

The Bill abolishes the registration of a registered user. However, the Bill now clearly provides for the licensing of a registered trademark and clearly states that a licence must be in writing and signed by or on behalf of the grantor in order to be effective. Although it is not mandatory for the grant of licence to be entered in the Register, for the purpose of better protection, registration of a licence would be advisable since such entry would be deemed notice to the public at large.

Existing entries of registered users under the current Act shall remain. However, an application for registration as a registered user which is still pending on the commencement of the new Act shall be treated as an application for registration of a licence and amendments may be required to amend the application in order to conform to the new Act.



(9) *Expansion of acts amounting to trademark infringement*

Under section 38 of the current Act, a case for infringement can only be built upon use of identical/similar mark on identical goods as registered. The Bill introduces a significant change, expanding the scope of a trademark infringement to include use in relation to goods / services similar to those for which the trademark is registered.

(10) *Expansion of scope of protection for well-known trademarks*

Under section 14(1)(d) of the current Act, well-known trademarks which are not registered are only protected for the same goods/services. The Bill expands the scope of protection to cover use of an identical/similar mark for similar goods/services, where the use is likely to cause confusion or for goods/services which would indicate a connection with the proprietor of the well-known trademark and is likely to damage the interests of the proprietor.

(11) *Enhanced remedies for trademark infringement*

The Bill has also codified the remedies available under a trademark infringement action which will include damages, account of profits, injunctions (including interim injunctions) and mandatory orders. In particular, the Bill empowers the Court to not only grant damages to the claimant but also an account of the profits made by the infringer as additional damages. This is a departure from the current common law position whereby successful claimants are required to elect only one of the two heads of damages (compensatory damages or an account of profits) they wish to claim.

(12) *Groundless threats of infringement proceedings*

Provisions relating to groundless threats of trademark infringement will also be introduced for the first time. Trademark owners seeking to enforce their rights should take note of potential liability for groundless threats in future enforcement efforts.

(13) *Consolidation of trademark offences and anti-counterfeiting measures*

Under the current regime, enforcement measures for trademark offences are fragmented and underdeveloped. For example, there are no provisions for imposing penalties against counterfeiters under the existing Trade Marks Act 1976, and anti-counterfeiting operations would have to be commenced under the Trade Descriptions Act 2011 instead.

With the introduction of the new Bill, trademark offences and other enforcement provisions are all consolidated into the new Trademarks Act 2019, and further augmented with new provisions granting greater powers of investigation, arrest, search and seizure of infringing / counterfeit goods / materials.

The streamlining of anti-counterfeiting and enforcement operations will potentially enable trademark owners to mount anti-counterfeiting operations more easily and in a more cost-efficient manner.

(14) Higher penalties

Under section 9 of the current Act, the penalty for making false entries to the trademarks office or in the Register is a fine not exceeding RM5,000 or to a term of imprisonment not exceeding 5 years or both. However, under the Bill, the penalty has been drastically increased to a fine of RM50,000 or a term of imprisonment not exceeding 5 years or both.

Similarly, under the Bill, the penalty for falsely representing a trademark as registered has been increased to a fine not exceeding RM10,000. Under section 81(1) of the current Act, the penalty for such false representation is a fine not exceeding RM500 or a term of imprisonment not exceeding 2 months or both. Notably, the term for imprisonment has been removed in the Bill.

(15) Monetisation for trademarks

The Bill expressly specifies that a registered trademark shall be a personal or moveable property and may be the subject of a security interest in the same way as other personal or moveable property.

We expect further progress in the coming months and will keep you advised of developments.

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